

SPECULATION A PROFITABLE PROFESSION

**by W. D. Gann
(A course of instructions on grains, 1954)**

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A Course of Instructions
on Grains

by

W. D. GANN

SPECULATION A PROFITABLE PROFESSION

A course of instructions with time tested practical rules of trading in grains.

In 1911 after I had made a great success trading in stocks and commodities, there was a public demand for a book with my rules for trading successfully. This demand was answered by my first small book, "Speculation A Profitable Profession". As the years went by I learned more about the market and realized that others needed the help that I could give them and I wrote more books to help others who were trying to help themselves.

In May 1954 I am nearing my 76th Birthday and am writing this new course of instructions not to make money for I have more income than I can spend but realizing the demand and the need for more knowledge about future trading by so many people I now give the benefit of my 52 years experience to help those who need it. The price of this course is made reasonable in order that men and women with a small amount of money can get a market education and start with a small capital and make a success provided they follow the rules after they learn them.

My experience has proved that it is more profitable to trade in commodities than stocks and you can make larger profits on the same amount of capital with a smaller risk. When you trade in commodities you are trading in the necessities of life. Commodity prices obey the law of supply and demand and follow a seasonal trend most of the time.

When you learn the rules and follow them you eliminate trading on Hope, Fear, and Guesswork which is nothing but gamble and you cannot afford to risk your money gambling. You must follow mathematical rules which I have proved to be a realistic guide in trading. You must prove to yourself that the rules have always worked in the past and they will work in the future. When you have the proof follow the rules and you will make speculation a profitable profession.

HOW TO MAKE SPECULATION A PROFITABLE PROFESSION

Speculation or investment is the best business in the world if you make a business of it. But in order to make a success of it you must study and be prepared and not guess, follow inside information, or depend on hope or fear. If you do you will fail. Your success depends on knowing the right kind of rules and following them.

FUNDAMENTAL RULES

Keep this well in mind. For commodities to show up trend and continue to advance they must make higher bottoms and higher tops. When the trend is down they must make lower tops and lower bottoms and continue on down to lower levels. But remember prices can move in a narrow trading range for weeks or months or even years and not make a new high or a new low. But after a long period of time when commodities break into new lows they indicate lower prices and after a long period of time when they advance above old highs or old tops they are in a stronger position and indicate higher prices. This is the reason why you must have a chart a long ways back in order to see just what position a commodity is in and at what stage it is between extreme high and extreme low.

THE KIND OF CHARTS TO KEEP UP

Remember the old Chinese proverb "One good picture is worth 10,000 words". You should make up charts and study the picture of a commodity before you make a trade. You should have a weekly high and low chart, a monthly high and low chart and a yearly high and low chart. A yearly high and low chart should run back 5, 10 or 20 years if you can get records that far. Monthly high and low chart should go back for at least 10 years and the weekly high and low chart should go back for 2 or 3 years. When commodities are very active you should have a daily high and low chart. This need not go back more than a few months. Start the daily chart after the commodity breaks into great activity.

FOLLOW THE MAIN TREND

You will always make money by following the main trend of commodities up or down. Remember that commodities are never too high to buy as long as the trend is up and they are never too low to sell as long as the trend is down. Never sell short just because the commodity is high or because you think it is too high. Never sell out and take profits just because the price is high. Buy and sell according to definite rules and not on hope, fear or guesswork. Never buy a commodity just because the commodity is low. There is usually a good reason why it is low and it can go lower.

RULES FOR BUYING AND SELLING

The first thing to remember before you start to apply any rules is that you must always use a STOP-LOSS order to protect your capital. When making a trade remember that you can be wrong or that the market may change its trend and the STOP-LOSS order will protect you and limit your loss. A small loss or several small losses can easily be made back with one large profit, but when you let large losses run against you it is hard to make them back.

PROVE ALL THINGS AND HOLD FAST TO THAT WHICH IS GOOD

The Bible tells us this and it is well worth remembering. Many people believe that it is wrong to buy at new high levels or to sell at new low levels but it is most profitable and you must prove this to yourself because when you do buy at new high levels or sell at new low levels you are going with the trend of the market and your chances for making profits are much better than guesswork or buying or selling on hope or fear.

PROLONGED ADVANCES

After commodities have had a prolonged advance and wind up with a fast, active, runaway market in most cases they come down very quickly and much faster or in a shorter period of time than when they go up. That is why you must keep up some daily charts at the end of a fast move and keep up the weekly charts to determine the first change in trend and be able to go with it.

SHARP DECLINE IN A SHORT PERIOD OF TIME

This usually follows a rapid advance and the first sharp declines which may last from one month to as much as seven weeks usually corrects an overbought position and leaves the market in position for a secondary advance.

When you are able to catch the extremes at the end of any great time cycle you can make a large amount of money in one year's time trading in fast active markets, and some very large profits in one month's time. It makes no difference whether you catch the extreme low or the extreme high - the opportunities are great for making money providing you select the commodity that will lead.

LARGE PROFITS ON SMALL RISKS

You can make large profits on small risks provided you use a STOP LOSS order, and apply all the rules and wait for a definite indication of a change in trend up or down before you make a trade.

FIXED IDEAS AND FIXED PRICES

Never get a fixed idea of just how high any price is going to go or just how low they are going. Never buy or sell on a price that you fix because you may be trading on hope or fear and not following the trend of the market and applying rules which will determine when the trend is changing.

HOW TO PROTECT PROFITS

After you have accumulated profits it is just as important to protect them with STOP-LOSS orders as it is to protect your original capital because once you have made profits it is your capital and STOP LOSS orders must be used to protect it. The most dangerous thing that you can do is to let a trade start going against you and lose back your profits. A STOP LOSS order will protect the profits and you can always get in again when you are out, with capital. Remember when you are out of the market the only thing you can lose or miss is an opportunity.

My 52 years experience has taught me that thousands of people have gone broke trying to hold on until the trend turned. Avoid getting out of the market too soon after move starts when you have a small profit. This can be a great mistake. Get out of the market quickly as soon as you see that you have made a mistake. If you place a STOP LOSS order this will put you out of the market automatically.

TOO LATE OR TOO SOON

You can lose money or miss opportunity by getting into the market too soon or getting out too late. That is not waiting until a definite change in trend is indicated, or failing to act in time when you see a definite change in trend. Wait until you have a well-defined indication that the trend has changed, then buy or sell. Follow all the rules in my book "How to Make Profits on Commodities". There are many rules in my book "How to Make Profits Trading in Commodities" which are not in this course of instruction and by using all the rules you will make a greater success.

HOPE AND FEAR

I repeat this because I have seen so many people go broke trading on hope or fear. You will never succeed buying or selling when you hope the market is going up or down. You will never succeed by making a trade because you fear the market is going up or down. Hope will ruin you, because it is nothing more than wishful thinking and provides no basis for action. Fear will often save you if you act quickly when you see that you are wrong. "The fear of the market is the beginning of wisdom". Knowledge which you can only obtain by deep study will help you to make a success. The more you study past records the surer you are to be able to detect the trend of the future.

MAKE THE MARKET MOVE YOUR WAY

You must learn to realize that you cannot make the market go your way, you must go the market's way and must follow the trend. Many successful business men who are accustomed to giving orders

to others and have them carried out will often when they get into the market, especially for the first time, expect the market to follow their orders or move their way. They must learn that they cannot make the market trend go their way. They must follow the market trend as is indicated by fixed rules and protect their capital and profits by the use of STOP LOSS orders. There is no harm in making a few mistakes and a few small losses because small losses are the expense of a successful speculator. If you intend to make speculation a profitable profession you must learn all the rules and apply all of them to determine the trend. Professional men, such as lawyers, doctors, accountants and engineers spend years in training and a large amount of money to learn how to succeed in their chosen profession. You must spend time and money to learn the profession and become a successful speculator or investor.

HOW TO MAKE THE MOST MONEY IN THE SHORTEST PERIOD OF TIME

Most people want to get rich too quick, that is why they lose their money. They start speculating or investing without first preparing themselves or getting a Commodity education. They do not have the knowledge to start with and the result is they make serious mistakes which cost them money. When you do have knowledge and are prepared you can make the most money in the shortest period of time. You must learn to follow the rules which I have laid down and proved to you by examples that you can make a large amount of money in a short period of time when the market is at the right stage for fast advances and fast declines occur.

Do not try to lead the market or make the market. Follow the trend which is made by big men who make big money and you will make money. Buy when the big market makers are ready for prices to move up fast, sell when they are ready for prices to move down fast and you will make large profits in a short period of time. Trade only when the market shows a definite trend and trade according to definite rules.

Study the chart on Soy Beans for 1953 and 1954 and the examples which I have given and you cannot fail to make profits provided you use STOP LOSS orders as advised.

From March 8, 1954 to April 27, 1954 May Soy Beans advanced from $343\frac{1}{2}$ to 422, a gain of $78\frac{1}{2}$ per bushel in 50 calendar days and 35 actual market days. This would give a profit of \$7,800 on 10,000 bushels and you were buying after the price was up \$1.05 per bushel from the low in August 1953 which proves that you can buy at new highs in the last stage of a bull market and make large profits in a short period of time. This is without guessing but following rules and buying when the big people buy and of course you are with the trend made by the big traders.

Refer to the trading examples on May Rye and you will see how large profits could be made in a short period of time by selling short after prices were down to comparatively low levels against the extreme high levels.

WHY PEOPLE DO NOT MAKE MONEY BUYING AND SELLING COMMODITIES

I have stated in my books many times the market does not beat you, it is your own human weakness that causes you to defeat yourself. The average man or woman nearly always wants to buy low and sell high. The farmer always wants to sell at high prices whatever he produces but he wants to buy what he needs at low prices. The laboring man wants high wages all the time but wants low prices for what he buys to eat and wear. This is a violation of a fundamental economic law and it just will not work. To make a success in speculation you cannot expect to buy low and sell high. You will make money when you do exactly the opposite of what the average man or woman wants to do or tries to do and makes a failure and loses as a result of what they are trying to do.

You will make profits when you learn to BUY HIGH AND SELL LOW. You must learn to follow the trend of prices and realize that they are NEVER too HIGH TO BUY as LONG as the TREND is UP and NEVER TOO LOW TO SELL AS LONG AS THE TREND IS DOWN.

ONE GRAIN GOES UP WHILE ANOTHER GOES DOWN AT THE SAME TIME

May Beans and May Rye 1953 - 54

Example: May 7, 1946 May Rye sold at $286\frac{1}{2}$, the highest price in history. Many people remember this high price and buy all the way down instead of selling. Why do they buy? Because after May Rye sold at $286\frac{1}{2}$ it looked cheap at \$2.00 and they buy it; at 150 it looks still cheaper and they buy it but the trend is down and it goes lower. At 125 it looks still cheaper but it goes lower because the MAIN TREND IS DOWN and the supply exceeds the demand or the selling is better than the buying.

May SoyBeans 1948 high 436 $\frac{3}{4}$. The price had moved up from 334 in October 1947, and after the trend turned down in less than one month's time, May Beans sold at $320\frac{1}{2}$ and three months later advanced to 425. These wide fluctuations were the result of buying and selling. Too many people got bullish too late and bought too late and later became pessimistic when prices were down \$1 per bushel. They then sold and prices went up again.

1953 August 20th MayBeans low $239\frac{1}{2}$. They had sold at 309 in April 1953. After May Beans started up traders decided prices were TOO HIGH and at 270 they SOLD SHORT. The WISE MAN who KNEW the TREND was up, BOUGHT. When May Beans reached the previous old

high of $311\frac{1}{4}$ in December 1953, which was the high of April 1953, the public decided that prices were too high because in four month's time, or since August, prices went up over 70¢ per bushel so they sold out anything that they had bought and sold short, hoping to buy lower.

Dec. 17, 1953 May Beans declined to $295\frac{3}{4}$ and made bottom, then advanced to 310 around the high of December 1953. The public decided prices were TOO HIGH and SOLD SHORT while the WISE TRADERS BOUGHT AT NEW HIGES following MY RULES and continued to BUY AT NEW HIGHS because the TREND WAS UP.

1954 April 27th May Beans sold at 422, an advance of \$1.82 per bushel in eight months and seven days. The greatest advance in history and the greatest range in any one option.

Not only the small traders but men who had millions of dollars bucked the trend and sold Soy Beans all the way up until May Beans crossed \$4 per bushel, then they all got panicky and bought to cover shorts and take losses and many became so bullish that they bought hoping prices would advance to \$5 per bushel. There was talk of a corner and a squeeze and a shortage of supply. The talk scared people into buying.

April 26th May and July Beans closed at the limit, up 10¢ per bushel in one day.

This news was in the newspapers, that the market has closed at the limit with nothing offered. People who were Bears and selling short when prices were 50¢ to 75¢ per bushel lower, bought on fear hoping for higher prices.

This meant that the shorts had lost hope and that hope had turned into despair and that they were covering shorts or buying. May Beans sold at 422 on April 27th but closed at 411, lower than they closed on April 26th when there were no beans offered. July Beans sold at 415 on April 27th and closed at 405, lower by 4¢ per bushel than the night before when none was offered for sale. THE PICTURE HAD CHANGED OVERNIGHT. THE WISE BUYERS who had BOUGHT all the way up from 240 became sellers; they had been BUYING AT NEW HIGH LEVELS, now they SOLD AT NEW LOW LEVELS, reversing their positions and selling at new low levels.

Prices rallied to April 30 but failed to reach highs of April 27th. On May 3rd the real selling started and prices declined the limit of 10¢ per bushel. May closing at $400\frac{5}{8}$ July closing at $398\frac{1}{8}$, down the limit of 10¢ for one day. Why did prices go down like this? Because the wise traders, when prices broke the low of April 20, SOLD AT NEW LOWS AND they will continue to sell as prices continue to go lower, while the man who WANTS TO BUY LOW and SELL HIGH will BUY all the way down and LOSE. When

Beans sell at 350, 250 and eventually below \$2 they will look like great bargains and the bargain hunters will remember 422 and 415 highs on April 27, 1954 and will BUY because they HOPE that PRICES will go up to HIGH LEVELS again. And the result can be but one thing, they will lose their money, while the man who follows the TREND will SELL SHORT all the way down and SELL AT NEW LOW LEVELS and make a fortune.

The way to make profits is to go the market's way. Do not try to make the market go your way. Apply all the rules in my book, HOW TO MAKE PROFITS TRADING IN COMMODITIES, follow the MAIN TREND and SELL REGARDLESS of HOW LOW prices go as long as the trend is down and continue to BUY AT NEW HIGHS AS LONG as the prices go up. In this way you will make SPECULATION A PROFITABLE PROFESSION and will have profits instead of losses.

RULES FOR TRADING IN COMMODITIES

- RULE 1. Buy at new high prices or old top levels.
- RULE 2. Buy when prices advance above old low price levels.
- RULE 3. Sell when prices decline below old top levels or high prices.
- RULE 4. Sell at new low price levels. As a general rule it is safer to wait until prices advance at least 2¢ above high levels and still more important to wait until they close above these levels before buying and at the same time it is safer to wait until prices decline 1/2¢ below old low levels and still safer to wait until they close below these old levels before making a trade.
- RULE 5. Closing Prices. Wait to buy or sell until prices close above old highs or below old lows on the daily or weekly charts when markets are very active and moving fast; it is important to use the daily high and low chart and the closing price above highs or below lows. Prices may advance rapidly during the day but when it comes to closing time they may run off several cents and close lower than the previous day, and at the same time when there is a sharp decline, prices may go below the low of the previous day but when they close they close near the high levels; therefore, it is the closing price that is always important to keep up on the daily, weekly or monthly high or low charts. The longer the time period in days, weeks, months or years when prices exceed old highs or break old lows, the greater the importance of the change in trend and the move up or down. Remember the general rule, when prices advance to new high levels they generally react back to the old tops, which is a safe place to buy and when they decline below old lows, as a rule they rally back to the old lows, which is a safe place to sell. Always, of course, protect with STOP LOSS orders.

RULE 6. STOP LOSS ORDERS. Your capital and your profits must be protected at all times with STOP LOSS orders which must be placed when you make the trade and not later.

RULE 7. AMOUNT OF CAPITAL REQUIRED. It is very important to know exactly how much of your capital that you can risk on any one trade and never lose all of your capital. When you make a trade you should never risk more than 10% of the capital you have to trade with, and if you have one or two losses, reduce your units of trading.

For trading in Rye and Soy Beans, you should have at least \$1500.00 for trading in 5000 bushels. Suppose you risk 3¢ a bushel on a trade; you would have to lose 10 consecutive times to wipe out your capital. You could hardly lose it this way just guessing and by following the rules it is impossible to lose all of your capital. For trading in Soy Beans, especially at high levels, you should have at least \$3000.00 capital for each 5000 bushels that you trade in because it is often necessary to risk as much as 5¢ a bushel on Soy Beans. But the profits are much greater than anything you can trade in.

Should you wish to trade in job lots of 1000 bushels, or 2000 bushels, you, of course, can start on a capital of \$500.00 and limit losses not more than 3¢ on any trade and by following the rules, in many cases your risks will not be more than 1¢ a bushel. The same rules apply to Wheat, Corn, and Lard.

Oats move in a narrower range and require about half as much capital as Rye or Wheat to trade with.

RULE 8. THIS RULE IS FOR BOTH BUYING AND SELLING: When prices decline 50% of the highest selling level, you can buy with a STOP LOSS order of 3¢ below the low prices. ~~Next~~ strongest buying point is 50% between the extreme low and the extreme high. For example, May Rye, the highest price it ever sold was $285\frac{1}{2}$; 50% of this is $143\frac{1}{2}$ and when this level is broken by 3¢ it is in a very weak position. The lowest level May Rye ever sold was 30¢ per bushel; 50% of this $286\frac{1}{2}$ and 30¢ is $158\frac{1}{2}$. The highest price that cash Rye ever sold was 63.35; one half of this is $167\frac{1}{2}$ and we have given an example of what happens when May Rye and the other options decline below $167\frac{1}{2}$, $158\frac{1}{2}$ and $143\frac{1}{2}$.

SELLING LEVEL. When prices advance after being far below the 50% point and reach it for the first time, it is a selling level or place to sell short, protected with STOP LOSS order of not more than 3¢ above the 50% price level. Example: Suppose that May Rye advances to $143\frac{1}{2}$. The first time it reaches this price, if the indications on the daily chart show it is making top, it is a short sale with a stop at $146\frac{1}{2}$. The next point is $158\frac{1}{2}$ which is 50% of the range between 30¢ and $286\frac{1}{2}$; this is $158\frac{1}{2}$. When May Rye advances to this point you would watch for resistance and sell short with a STOP LOSS order at $161\frac{1}{2}$.

After this point the next selling level is $167\frac{1}{2}$ or 50% of 335. Next the range between 30¢ and $335\frac{1}{2}$; 50% of this is $182\frac{1}{2}$ which would be the strongest resistance and the most important selling level protected with STOP LOSS order at $185\frac{1}{2}$.

When you start trading be sure that you know all of the rules and that you follow them, and be sure that you place a STOP LOSS ORDER.

WHERE TO PLACE STOP LOSS ORDERS:

You must place STOP LOSS orders below the lows of swings and not just below the lows on the daily chart. STOPS must be above old tops or below old bottoms on a weekly or monthly chart. STOP LOSS orders placed below closing prices on the daily or weekly chart are much safer and less likely to be caught because you are moving your STOPS according to the trend. STOPS placed above closing prices on the daily or weekly chart are caught a smaller number of times than if you place them below a daily bottom or a daily top. The swings or reversals in a market are the prices to place STOP LOSS orders one way or the other. It is of great importance to know where to place a STOP LOSS order properly. Grains selling below \$1 a bushel, a STOP LOSS order is as a rule safe and caught less of the time when you place it 1¢ below the bottom and especially 1¢ under closing prices, or 1¢ above closing prices. When prices are moving from \$1 to \$2 per bushel the STOPS should be at least 2¢ above highs or 2¢ below lows or 2¢ above closing prices or 2¢ below closing prices.

Prices at \$2 to \$3 per bushel. At this range of prices STOPS should be at least 5¢ under the lows or above the highs.

Prices \$3 to \$4 per bushel. At this range of high levels fluctuations are fast and wide and STOPS, to be safe, must be placed farther away, at least 4¢ to 5¢ per bushel above highs or under the lows. It makes no difference where your STOPS are placed so long as it is safe and not caught until the time is right when there is a definite change of trend. At the end of high prices, from \$3.50 to \$4. per bushel which seldom occurs, STOPS can be placed 1¢ to 2¢ below the daily closing price or at 1¢ to 2¢ above the daily closing prices. At extreme high prices you must depend on the daily high and low chart to give you the first indication of a change in trend which later will be confirmed by the weekly high and low chart of price moves.

When prices are selling at extreme high levels, follow all the rules in my book, HOW TO MAKE PROFITS TRADING IN COMMODITIES, and if you have taken my Master Forecasting Course, apply the rules on Great Time Cycles as well as the minor time periods.

Remember you can never have too much knowledge. Continue to study and learn more for knowledge can always be turned into profits later.

WHAT TO DO BEFORE YOU MAKE A TRADE. Check all records of prices, daily, weekly, monthly and yearly and note all time periods. Note when the prices are near some old high levels or near some old low levels of recent weeks or years. Then calculate just what your risk will be before you make the trade and after you make it, place the STOP LOSS order for your protection in case you are wrong.

WEEKLY HIGH AND LOW CHART. The weekly high and low chart is a very important trend indicator. When prices get above a series of weekly highs or lows, or decline below a series of weekly lows, it is of greater importance and indicates a greater change in trend which may last for many weeks.

MONTHLY HIGHS AND LOWS. When prices advance above or decline below prices which have occurred for many months past it means a greater change in trend which can last for several months.

YEARLY HIGHS AND LOWS. When prices advance above or decline below the prices made several years in the past, it is nearly always a sure sign of big moves which will last for a long period of time, or at least have a greater advance or decline in a short period of time, and when these old highs are crossed, or lows broken, always watch for a reaction to come back to around the old highs or slightly lower, and after they are broken, expect the rally to advance back to around the old highs or slightly below.

Study the yearly highs and lows and you will see the proof. Remember the greater the time period, when it is exceeded, the greater the move up or down.

We will prove the rules by starting with a capital of \$3,000, and trading in Rye, based on the rules given above. First, we are going to trade in May Rye and we must know something about the history of May Rye.

1951, July 23 low 169 holding $1\frac{1}{2}\%$ above the 50% price indicated strength and good buying because August 20 was low at 169, making two supports at this time level. We are now buying 10,000 bushels at 169 and place STOP at $165\frac{1}{2}$ or 2% below the 50% point.

The market advances. September 20 we buy 10,000 more at 181 because it is above two tops or high levels. November 1951 we buy 10,000 more at 210 because the price is above an old top of 208 of April 3, 1951. 1951, December 10 and 12th, high $221\frac{1}{2}$ and 221, a top against the high at 218. We had

bought 10 at 169, 10 at 181 and 10 at 210; We sell all of these out at 219 which gives a total profit of 94¢ per bushel or \$9,400. We now withdraw the capital of \$3,000. and start trading on the profits alone.

1951, December 12; we sell 20,000 bushels at 218 and place a STOP at $223\frac{1}{2}$. 1952, January, we sell 20,000 at 204 and move the STOPS down to 208. February 5, 11, and 27th and March 4 the lows are 194, $192\frac{1}{2}$, $193\frac{1}{2}$ and 193. We cover the shorts at 195 and buy 40,000 at 195, making a STOP at 190. The profits on these deals are \$8,200, added to the other profit gives a \$17,600. to trade with.

1952, March high 211, a lower top. We sell \$40,000. at 207 and sell short 40,000. at 207.

May 1 low 193, same low as March 4; we cover shorts at 194 making a profit of 13¢ per bushel or \$5,200. added to \$17,600. gives \$22,800. capital. We stop trading in this May option because it will expire on May 20. We could trade in July, September or December but we wait for the May Rye for the 1953 delivery to start trading and show a trend and then we start trading again.

1952, July 23 high $218\frac{1}{2}$ under the old top of $221\frac{1}{2}$. It declined to 207 on July 19, August 14 high 219, a second high and slightly below the 1951 high. We sell short 50,000 at 218 and place the STOP at $222\frac{1}{2}$. The trend moves down. August 18, 19th and 29th and September 20 prices are $196\frac{1}{2}$, $195\frac{1}{2}$, the same as May 1952. Because we know that the seasonal trend is usually low in the latter part of August or early September, we cover all the shorts, 50,000 at 197 and buy 50,000 at 197 for long accounts and place STOP at 194. November 13 high $213\frac{3}{4}$ a lower top than August 14, but we wait to sell until we get a definite indication. November 24 and 28th lows 204, we raise STOP to 203. This STOP was caught and we sold 50,000 longs at 203 and sold short 50,000 bushels. This gave us a total profit or working capital of \$26,300.00. We sold 50,000 short at 203 and raised the STOP to 209.

December the market broke the price of 195, the old low. We sold 25,000 more at 193 and made STOP on 75,000 at 196. 1953 January prices broke the lows of July 1952 at 190. We sell 25,000 at 188 making STOP on 100,000 at 193.

January 1953 - 12th - low 180. January 15 high 187, reduce STOP on 100,000 to $189\frac{1}{2}$.

February 13 low 171.

March 3 high $182\frac{1}{2}$, reduce STOP to 186.

Later in March the price broke 171 low. We sell 25,000 more at 166 when the price breaks the low of 169 of July 21, 1927 and it had broke 50% of $335\frac{1}{2}$ which is $167\frac{3}{4}$, putting it in a very weak position with the main trend down.

May 11 low 154.

March 3 high $182\frac{1}{2}$, reduce STOP to 186.

Later in March the price broke 171 low. We sell 25,000 more at 166 when the price breaks the low of 169 of July 21, 1951 and it has broke 50% of $335\frac{1}{2}$ which is $167\frac{3}{4}$ putting it in a very weak position with the main trend down.

May 11. low 154. We buy 125,000 at 156 to cover because the May option will expire about May 20. We now have a total profit of \$69,550. to work with. We can now trade safely on 100,000 bushels which gives 70¢ per bushel margin and a loss of 3¢ on 100,000 bushels would be \$3,000. and if we lost for ten consecutive times we would still have more than half or 50% of our capital to trade with, which is perfectly safe.

We wait for May Rye for 1953 delivery to give an indication of what it is going to do.

1953, July 6. The option opened at 153, a new low. July 7 high 156 when it breaks 153 we sell 100,000 bushels at 152 and make the STOP 157. It declines very fast and we sell 25,000 more at 140 because it is $3\frac{1}{2}$ ¢ below the 50% of $286\frac{1}{2}$ which is $243\frac{1}{2}$, the high of May 7, 1946 and we wait until the price is 3¢ below this level which puts it in a very weak position before going short.

1953, July 28 low $133\frac{1}{2}$, August 6 high $140\frac{3}{4}$ and 140; we make the STOP on 125,000 at 145, the decline continues and breaks the low of $133\frac{1}{2}$. We sell 25,000 more at $131\frac{1}{2}$ and make STOP at $142\frac{1}{2}$.

August 13 low 121, August 17 high $135\frac{1}{2}$, reduce STOP to 137. August 28 and September 15 and September 23 low $116\frac{1}{2}$, $114\frac{3}{4}$, 115. We know that the seasonal lows are often made in August and September and the trend turns up so we reduce the STOP to 121 on the shorts. The STOP was caught and we buy 150,000 at 121. We now have a capital of \$127,500 to work with. We buy 100,000 at 121 and make STOP 114.

November 2, high 134, November 17 and 30th low $133\frac{1}{2}$; we make STOP $120\frac{1}{2}$. December 14 high $133\frac{1}{2}$, a slightly lower top, we raise STOP to 129. STOP was caught. We sold 100,000 at 129 with $8\frac{1}{2}$ ¢ profit which gives us a working capital of \$135,500. We sold short 100,000 bushels at 129 and placed the STOP at 136.

December 23 low 120. 1954, January 3 and 14th low 120 $\frac{1}{2}$ and 121 $\frac{3}{4}$, higher bottom. We buy 100,000 at 124, profit 5¢ which now gives a capital of \$140,500. We buy 100,000 at 124.

1954, January 22 - 27th high 128, a lower top. We raise the STOPS to 124. STOPS were caught and we are out even losing only the commission.

We sold short 100,000 at 124 with STOP 125. March 29 low 101 $\frac{1}{2}$, April 2 high 110 $\frac{1}{2}$, we reduce the STOP to 112 $\frac{1}{2}$. April 19 high 108 $\frac{3}{4}$, we reduce the STOP to 110 $\frac{3}{4}$. April 30 low 93 $\frac{1}{2}$ with the main trend still down and we would remain short with a stop at 104 $\frac{1}{2}$ or 3¢ above the low of March 29, 1954. We will assume that we covered shorts at 96, this would give us a profit of \$173,700. In 33 months starting with a capital of \$3,000. Suppose we cut this 50%, the profit would still be \$86,850. This is proof from the records based on rules that if you do not guess you can make large profits on small risks.

This also proves that no matter how low the price is you can make big profits by selling short and no matter how high the price is you can make money by buying so long as you are going with the trend up or down. The question naturally arises, "Why do not more people make fortunes trading in Commodities?" The answer is weakness of the human element. They trade on hope, fear, and think prices are too low to sell or too high to buy and if they do act they do different from what the rules indicate, but remember that there are always some big traders who do buy and sell no matter how low the price is or how high it is, and these are the people who make big money. The late Jesse Livermore traded this way and accumulated as much as \$15,000,000. at one time. Men like Dr. Crawford have the nerve to buy and sell at extreme low levels or extreme high levels where the trend is down and to make millions, while the man who fears or trades on hope does not have the nerve and he not only misses making big profits but he makes losses. If you expect to succeed you must learn to follow rules and after you have proved to yourself the rules will work, have the nerve to follow them and profits are assured.

SOY BEANS - RECORD OF HIGHS AND LOWS.

MAY SOY BEANS. Trading in Futures started October 5, 1936 and May Soy Beans opened at that time at 120 and advanced to 164 in January 1937.

1938, October low 69; 1937, July 27 low 67. This was the lowest price that May Soy Beans ever sold.

1940, August low 65. From this level prices advanced to September 14, 1941, high 202.

October 19 low $154\frac{1}{2}$.

1942, January high 203, just $1\frac{1}{2}$ above the high of September 1941.

December low 166.

1943, January high 186. At this time the Government stopped trading in Soy Beans and there was no trading until October 1947 when trading was resumed. In October 1947 May Beans started up from 334 which was above all tops since February 1920 when the high was 405, so you would buy at 334 or 336, because they were at new high levels and hold for a definite indication to sell.

1948, January 15 high $436\frac{3}{4}$; the highest price in history. At this time you would have to keep up a daily high and low chart and a weekly high and low chart to tell when the trend changed and know where to place STOPS and where to sell out longs and go short. This indication was given on January 19, 1948 and you would be short. A big decline followed to February 9, 1948, low for May Beans $320\frac{1}{2}$, where the daily chart again gave indications to cover shorts and buy. After that time the price advanced to 425 in May 1948. In October 1948 the 1949 option opened and declined to 239, which was 50% from the low of 44¢ in December 1932 to the extreme high of $436\frac{3}{4}$, making this a buying level protected with STOP LOSS order at 236.

1948, November high $276\frac{3}{4}$. The daily and weekly high and low chart indicated that this was a selling level and a time to sell out longs and sell short. A rapid decline followed on heavy liquidation.

1949, February 14 low $201\frac{1}{2}$, down to the old low levels of 1941 and a buying level because it was just above \$2.00 per bushel.

1950, May high $323\frac{1}{2}$. The Korean War started on June 25, 1950 and war is always bullish on commodities and, therefore, we would look for buying opportunities. A big advance followed and most options went to above 280 in July 1950.

1950, October 16 low for May Beans $232\frac{1}{2}$. A rapid advance followed from this level.

1951, February 8 high $344\frac{1}{2}$. At this time the Government placed a ceiling on May Beans at 333 and, in fact, on all other Beans. November Beans started down at this time from a high of 334 and declined to 262 in July.

1951, May Beans for 1952 delivered, opened in June at 287.

1951, July 9 low 268 $\frac{3}{4}$. In October prices crossed the highs of 3-months at 281 to 293. You would buy at this time because prices were again at new highs and you should buy based on the rules.

1952, March, April and early May prices reached the lows of 282. Buy because it was 3-months at the same low level.

1952, May high 314. Same high as December 1951, a selling level.

1952, August - the new option low 291 and at the end of August high 314 $\frac{3}{4}$, 3 tops at the same level. Sell with STOP at 317.

1952, October low 298.

1952, December high 311, a lower top and selling level.

1953, February low 282, not $\frac{3}{4}$ below the lows at 284 in March, April and May, 1952, a buying level with a STOP at 279.

1953, April high 309, a lower top than December 1952, a selling level.

1953, the May option declined to 292.

THE GREATEST ADVANCE IN MAY BEANS IN HISTORY

When I state the greatest advance I mean the greatest advance from low to high levels of any option.

BUYING CAMPAIGN IN MAY BEANS. We will start with a capital of \$3,000 and buy according to the rules outlined. August 20, 1953 May Beans low $239\frac{1}{2}$. We would buy 10,000 bushels at 240, place a STOP-LOSS order at $3\frac{1}{2}\%$ below, making a risk of 10% of the capital or \$300.00.

Why do we buy here? Because it was the same low as October 1948 and for the same mathematical rule. 1932 low $44\frac{1}{2}\%$, 1948 high $436\frac{3}{4}$, 50% of this is $240\frac{3}{8}$, a sure buying level protected with a STOP LOSS order.

The May 1954 option opened at 256 and advanced to $259\frac{3}{4}$ and then declined to $239\frac{1}{2}$.

1953, September 2, high 263, closed the same day at 259. While we now have an indication that prices are going higher we do not buy more but wait for the closing rule and for the price to close above 260, which was the high of the life of the option after it started.

September 16, low $248\frac{3}{4}$. We raise STOP to $246\frac{3}{4}$ on the 10 bought at 240. During the week ending October 10 May Beans closed at 261. We now buy 10 more at 261 and raise the STOP on all of the beans to 255 or $1\frac{1}{2}\%$ below the low of the week.

The advance was rapid and for the week ending October 31, the price closed at 282, above the old low at 280 in February 1953. This was an indication of higher prices and as we have big profits we can buy 5,000 at 282 and raise STOPS to 275. Look up the record to see where the new old highs are so we will know when resistance should be made. We find these highs at $314\frac{3}{4}$, $313\frac{1}{2}$, 311, and 309. These highs were made in 1952 and 1953, therefore, we would expect some reaction from around these levels.

1953, December 2, high $311\frac{1}{4}$, same high as December 1952. We sell out 25,000 at 310 giving a profit of \$12,300.00 and with the capital investment of \$3,000.00, makes a \$15,300.00 capital to operate on. We sell 25,000 short at 311 and place the STOP at 316. While we know the trend is up we expect a reaction from these old high levels. A fast decline followed December 17, low $295\frac{3}{4}$ at old low levels of

March, April and May 1953. We cover 25,000 bushels at 297 with a profit of 13¢ which gives a working capital of \$18,800.00. At this price we can figure safely 30% margin per bushel is enough or \$3,000.00 on 10,000 bushels or \$7,500.00 on 25,000. This is conservative trading.

We buy 25,000 for long account at 297 and place STOP at 293. The price starts up from December 17 low and makes higher bottoms and higher tops indicating up trend.

We follow the closing rule which is that when prices close above old highs that have been made months or years past it is an indication that prices must go very much higher.

1954, January 19, high $315\frac{1}{2}$, closed at $314\frac{1}{2}$, not yet enough above the old highs. We wait for close at $316\frac{1}{2}$ to buy.

January 22, closed at 317. We buy 25,000 more at 317.

February 22, low $309\frac{1}{4}$, down for the last old top in 1953. We make STOPS at 307.

From previous records we know that the next old top is $344\frac{1}{2}$ on February, 1951 so expect that this is the next price to watch.

February 24 and 25th, high $340\frac{1}{2}$ and 342. Low for three days at $335\frac{1}{2}$ we raise STOPS to $333\frac{1}{2}$ until price goes above $344\frac{1}{2}$, the old top and an indication of higher prices.

March 4, high $359\frac{3}{4}$, closed at 359. March 5, low 349, March 8, low $343\frac{1}{2}$, at the old top level and a buying level. We buy 15,000 more at 345 and raise STOPS on all to 341.

March 19, prices crossed the previous high of $359\frac{1}{2}$, which was the high of March 4, indicating higher. March 19 we buy 15,000 more at 361. March 25, high 371. April 1, low $354\frac{1}{2}$, a higher bottom than March 11 and 16th. We raise STOPS to 352 on all our line of May Beans that was bought. April 9, prices make a new high closing at 375, indicating much higher prices.

April 13, high $382\frac{1}{2}$, April 14, low $376\frac{1}{2}$. Raise STOP to 373. April 15, high 388, closed at $387\frac{1}{4}$. We buy 10,000 more at 387.

April 20, high 402, closed at 396. We know that when it does close above \$4.00 it will indicate higher prices. We know the last high in May 1948 was 425 so the indications are that May Beans will reach somewhere near these old highs but now is the time to protect profits and not buy more.

April 27, high $407\frac{1}{2}$, closed at 402, under the high but above \$4.00, which indicated higher prices.

April 23, low $298\frac{1}{2}$, closed at $403\frac{1}{2}$. We now raise STOPS on all longs to 395.

April 27, high 422, within 3¢ of 425, the high of May 1948, and up from $239\frac{1}{2}$ to 422. The price has advanced $182\frac{1}{2}$ cents, the greatest in history.

April 27, after high of 422 the market declined fast and closed at 411, which was the lowest price of the day. We now place a STOP 5¢ below this low or at 406.

April 28, low $406\frac{1}{2}$, missed the STOP by $1/2$ ¢. April 28, 29th and 30th; high $317\frac{1}{2}$, $315\frac{1}{2}$ and $316\frac{3}{4}$. When prices made $316\frac{3}{4}$ on April 30 we raise STOP to $411\frac{3}{4}$ or 5¢ per bushel down from this top because the prices have started to make lower tops and we must pull up STOPS and protect profits that have accumulated.

April 30, late in the day May Beans declined to $410\frac{1}{4}$ and the STOP was caught. We sold out all longs at 411. Total profits \$92,600.00 in 8 months and 10 days time on a capital of \$3,000.00 and the trading was very conservative, the risks were conservative at all times.

This is proof beyond any doubt that prices are never too high to buy if you follow the rules and protect with STOP LOSS orders. When these great extremes occur, fortunes are made by men who have the nerve and the knowledge to follow the rules. In this campaign we have not done any guessing as to where to buy or sell. We have let the market prove itself. We have bought on definite rules and placed STOP LOSS orders based on definite rules and sold out at an extreme high level on a definite rule because the option was nearing the end or reaching the 1st of May when we do not trade in an option. This great advance in Soy Beans is no

exception. It has happened in other commodities - Coffee, Cocoa, Cotton, Cottonseed Oil, Lard, Rye, Wheat, and Corn. If you will only learn the rules and when the market runs into these extreme levels, not try to guess where the highs are going to be but simply follow the trend and follow up with STOP LOSS orders and buy regardless of price when new highs are made, you cannot fail to make enormous amounts of money.

MAY CORN

You will find the chart on May Corn covering all the main swings from January, 1925 up to date. Study this chart and apply all the rules just the same as we have applied them in the examples on Soy Beans and Wheat.

You will note this chart from January 1925 where the price started down from 137. It made lower tops and lower bottoms until 1926 when there were two bottoms around the same level at 67 and 69. This was a buying level. From there the price moved up and when it crossed the other top at 97 you would buy more. The high in August 1927 was 122, a selling level. After that the price declined and made a slightly higher bottom in 1928 and rallied til May 1928. Following this there were three bottoms just below 80. These occurred in 1928 and 1929 and the tops were up to around 110 and 112.

July 1930 was the last high where you would sell short against the old tops and when prices broke the lows of 77 and 78 you would sell more. When prices broke below the lows of 1926, which was 67, you would sell more. The decline continued making lower bottoms and lower tops until May 1932 when the low was 28¢ per bushel. There was a rally to 41 and final low was in February 1933 when the low was 24¢ per bushel. After President Roosevelt took office in March 1933 and the Exchanges opened, the trend on all commodities as well as all stocks turned up and when prices crossed the tops, as you can see on the chart, you would buy. There was a rapid advance. May Corn high in July 1933, 82½¢ per bushel. This was just under the old lows and it was a selling indication.

April 1934, low 40¢ per bushel, higher than previous bottoms and around the other bottoms. From this level the main trend turned up again and advanced until May 1935. Then the next option in September 1935 made low at 56¢ per bushel. When it started crossing tops and making higher levels, you would continue to buy at

high levels. You can see that the main trend swings continued up without ever breaking a swing bottom, finally crossing the high of May 1937 and advancing to $187\frac{1}{2}$ in April 1947, declined to 142 in June 1947 and then the advance was resumed. When prices crossed the high of 173 and the high of $187\frac{1}{2}$ you would buy more. There was a rapid advance with small reactions until September 1947, high 288. This was above all previous highs for May Corn and you would wait until there was an indication on the weekly and daily charts to show that the trend had turned down. From this time on the main trend continued down making lower bottoms and lower tops until

February 1949 when final low was reached at 110. Look back over your charts and you will find old tops at 112 and 108, therefore, when May Corn declined to 110 in February 1949, it was a buy because there had been a drastic decline and the long interest had been cleaned out. You would watch the daily and weekly charts here and you would see where they showed a change in trend. Note two higher bottoms following this time, the last bottoms occurring in February 1950, low 124. Here you would buy and when prices crossed 137, the high of May 1949, you would buy more at new high levels.

Again, when prices crossed the high of December 1948, $152\frac{1}{2}$, you would buy more. The market continued to advance reaching final high in December 1951, $198\frac{1}{2}$. You would always expect selling around the even figure of \$2.00 per bushel and this would be the place to sell out longs and sell short as the price was just above the old bottom at 192 and lower than any other bottom. From this high the main trend turned down and you could remain short. May Corn continued down making low in September 1953, when the low was 138.

The market advanced to $162\frac{1}{2}$ in December 1953; failing again to cross the high of March 1953 you would again sell short. The decline was resumed and the low of 148 was made in April 1954, and the rally after that was very small. Up to this writing the main trend on May Corn is down but the option will expire in the month of May so you will follow July and December as the trend indicates, December option being the best trend indicator because the new crop can be delivered in December. Therefore, you would get up a chart weekly, daily and monthly on December Corn and follow the indications on it for the balance of 1954. You would always keep up a May, July and December chart on Corn. The record that I have given covering the May option back to 1925 is all that you will need except daily, weekly and monthly charts on the December and July options. Again I repeat,

you must always use a STOP LOSS order and must always continue to study and learn more and more about the records and you will make a success with Corn as well as anything else.

MAY CORN SWINGS 1925 to 1954

The main trend turned down from a high of 136 in January 1925 and continued down until May 1926, low 67¢, then in April 1927 there was a bottom that was slightly higher. This was a buying level. Prices advanced to August 1927, high 122, a selling level against an old top, and after that the main trend was down making lower tops and lower bottoms.

1928 and 1929 the lows were around 76¢ per bushel. There were 3 lows at these prices. When the low was broken at these levels you would sell short and then sell more when it broke 65¢ per bushel. Final low was reached at 24¢ in February 1933. For many years back in 1860, 1893 and 1896 low on Corn had been 20¢ per bushel. Therefore, when it was down around these low levels it was a buy for a long term investment. You can see that the main trend continued up after the February lows until July 1933 when the price advanced to 83¢ per bushel, just above a series of old bottoms. It was a rapid advance and indicated selling. Then there was a decline to April 1934 making two bottoms and making bottoms at the same level as the old tops which would be a buying level. The price then advanced until 1935 reaching 96¢ per bushel. August 1935, low 56¢ per bushel. This was a buying level and when it crossed 68¢ you would buy more and hold selling around 96¢, a series of old tops, and reacted. When it crossed 97¢ you would buy more.

1937 May high 139, a selling level as indicated by the daily and weekly high and low chart. After this the main trend was down making lower bottoms and lower tops until August 1939, low 42¢ per bushel, around the same low as April 1934, and a buying level. From this time on the bottoms were higher and the tops were higher. You would buy every time an old top was crossed and buy heavily when it crossed the old tops at 142. The advance continued until September 1947, high 288. The daily and weekly charts showed that this was top for a fast decline. The decline continued making lower tops and lower bottoms until February 1949 when there was a panicky decline and May Corn sold at

110. Look back in the years 1928 and 1929; you will find a series of tops around 112 to 110 making this a buying level. After this the main trend turned up making higher bottoms. When prices crossed 135 you would buy more and when they crossed 150 you would buy more. The advance continued until December 1951, high 198. Corn is always a sale just under \$2.00 as there is always a reaction even in a bull market. However, at this time the main trend turned down and prices continued to work lower until September 1953, low 137. December 1953 high 162, same high as March 1953 and a selling level.

In March 1954 the price declined to 148 per bushel and up to this time has been in a narrow trading range. However, the main trend is down but at this time you would make up charts on December Corn daily and weekly and study it and follow the short side as long as the trend is down.

Apply all of the same rules on Corn that we used on all of the commodities and you will make a success trading in it. Many times Corn has very wide swings and when it is active there are excellent opportunities for profits.

MAY RYE SWINGS 1932 to 1954

Rye is very profitable to trade in and most of the time it shows profits in comparison with wheat and runs Soy Beans a close second at certain times. You can see by the chart how bottoms and tops are formed and you should buy when it declines to a new low level and sell when it breaks into new high levels. Note 1938 to 1945 when lows were around 42¢ and 40¢ a bushel - a series of bottoms making this a buying level as a real investment. February 1941 - when final low was reached at 41¢ the price started to move up and when it crossed 54¢ you would buy more. The advance continued until January 1942 high 93¢; the trend turned down temporarily from this level and declined til May and November 1952, low 68¢ and 66¢, higher bottoms than October 1941, a buying level. You would buy more when it crossed 81¢ and then later after it reacted to April 1943 and crossed 90¢, you would buy more and when it crossed 95¢ you would buy more and finally when the price crossed the highs of 1933, 1936, and 1937 you would buy more, as it indicated very much higher prices. The last low was September 1944 at 94¢; from this level there was a rapid advance crossing the highs of 1944 where you would buy

more and then when it crossed 152 you would buy more. The advance was rapid til May 7, 1946, high $286\frac{1}{2}$, the highest price in history. Here you would be keeping up the daily high and low chart and this indicated high, a selling level, and you would have sold short. A rapid decline followed.

1948, July. The next option started at 196 and being far below where the other option expired, you would sell short. The main trend continued down making lower tops and lower bottoms until February 1949, low 115. A buying level against the high of July 1943. From this level the advance was rapid making higher bottoms and higher tops. You would buy more when it crossed 160, buy more when it crossed 165.

1951, May high $210\frac{1}{2}$. The option was about to expire and of course you would stop trading.

1951, August low 168. The daily chart showed up trend and you would buy.

1951, December high $221\frac{1}{2}$. The daily high and low charts showed selling level and you would go short.

1952, March low 190. The indications were that this was bottom and you would buy again.

1952, August high 219. A lower top and a selling level.

1952, October low 193. A higher bottom and a buying level.

1952, November - final high at 214, the third lower top and a selling level; you would sell short all the way down. When it broke 193 you would sell more; when it broke 190 you would sell more, after that time the rallies were very small and the option expired in May 1953 at 153. The new option started in July 1953 at 156; you would sell short and sell just as soon as it declined to 152 which was under the old bottoms.

1953, September 15 low 115; same low as February 1949 and a buying level. Prices advanced to 134 November 2, reacted to November 17, advanced to 134 again on December 14, making a double top and a selling level. After this it continued to work lower making lower bottoms and lower tops. When the price broke 118 you would sell more. When it broke 115, the lows of 1949 and 1953, you would sell more. The decline continued

until May 1954 when the May option sold at 88 $\frac{3}{4}$ and the July option declined to 91 $\frac{1}{2}$ and the December option to 91. This was a drastic decline and a final liquidation when the open interest dropped to the lowest level for many years.

At this writing the indications are that Rye is low enough for at least a rally. You will note that the low in May came down to the old top level of March 1943, and there was a series of tops around 87¢ to 90¢. However, for trading in the future in 1954 and 1955, you should keep up the July and December options and then when the May option starts for 1955, keep up the daily and weekly high and low chart and you will be able to determine the trend on Rye and make large profits trading in it.

Follow all the rules in SPECULATION A PROFITABLE PROFESSION, as well as read carefully all the rules on Rye in my book, HOW TO MAKE PROFITS TRADING IN COMMODITIES. If you do this and study and place STOP LOSS orders for a protection, and trade only on definite indications, you can make substantial profits trading in Rye Futures.

MAY SOY BEAN SWINGS OF 10¢ PER BUSHEL OR MORE FROM OCTOBER 16, 1950 to MAY 1954.

The reason that we have shown the swings on this chart, starting October 16, 1950, is because that was the low after a sharp decline from the big advance in August after the Korean war started. You can see that from October 16, 1950, low 232 $\frac{1}{2}$ the advance was rapid until February 8, 1951, high 344 $\frac{1}{4}$ when the Government placed a ceiling on Beans at 333. I have marked "B" for buying levels on the chart and "S" for selling levels.

In 1951 when the Government placed a ceiling on Soy Beans at 333, if you had a chart on November Beans you could see that it indicated top and you would go short of the November option.

1951, July 9 - May Soy Beans declined to 268 $\frac{3}{4}$ and the main trend turned up again and advanced to December 10, 1951, high 314.

1952, February 27 and April 21, lows at 381 and

382; this was a buying level as indicated and the price advanced to 311 May 21, 1952. This was a selling level against the top of December 1951; however, the May option expired and you would, of course, wait for the new option which started July 24, 1952 at 291. The trend turned up and it advanced to 314. August 14 it declined to 306; August 26 made double top and September 3 at 314 which was a selling level with a STOP at 316. The main trend continued down until February 13, 1953, low 280, around the same lows as April 1952, a buying level. There was a rapid advance to April 16, high 309, which was the last high and the option declined to 296½ and expired.

1953, July 25; the new option opened at 256 and advanced to 259½. You would sell it short when it broke 256 because it was below all previous bottoms and indicated lower. The price declined to August 20 low of 239½. This was a buying level as indicated by the weekly and daily charts. The market advanced to 263 on September 3, reacted to 248 3/4 September 16. You will note that I have marked "B", the buying levels all the way up on this chart and that bottoms were higher and tops were higher showing the main trend up.

1954, January 22, high 317½. This was above all of the tops at 314, 311, and 309, a definite indication that prices were going very much higher. February 2, when a reaction came to 309¼, which was down to the old top levels, you would buy. When it crossed 317 buy more, and continue to buy all the way up. When it crossed 345 you would buy more. March 4, high 359 3/4, March 8, low 343½, just back to the old top level of February 8, 1951 and a buying level. Protect with STOP LOSS order at 342. The advance continued making higher bottoms and higher tops and you would buy every time it advanced to new high levels until April 27, 1954, extreme high 422. April 28, low 406½; April 29, high 417½, a lower top and a selling level; however, there was definite indication for weakness and selling when it broke to 406.

1954, May 12; May Beans declined to 372, a decline of 50¢ per bushel since April 27. The July option made high on April 27 at 415 and sold at 368 1/8 on May 12, 1954, down 47¢ per bushel. The writer sold July Beans short at 412 on April 30, and sold more at 400¢; sold again at 396 and at 390½ because prices were breaking the previous low levels and indicated a definite down trend. We covered shorts at 370 on May 12 because our daily high and low chart and hourly

high and low chart indicated that the market was making bottom for a one to two day rally. You should keep up a daily high and low chart and a weekly chart on May, July, and November Soy Beans and if you trade according to the rules you can make a vast amount of money. Soy Beans is really the "millionaire money maker" but remember that if you buck the trend on Soy Beans, it can break a millionaire; therefore, use STOP LOSS orders every time you make a trade and LIMIT YOUR RISK and do not OVERTRADE and you can make enormous profits trading in Soy Beans.

WHEAT

You always need to know the record of prices for a long period of time back on Wheat as well as anything else. 1852 Wheat low 28¢ per bushel; 1867 high \$3 per bushel; 1877 high 176; 1888 high 165; 1898 high 185, 1905 high 122, 1909 high 135; 1912 high 119, 1915 high 167.

1914, June low 84¢ per bushel. This was just before the war started; when it crossed 119 and 122 you would buy and expect the next important resistance level to be the old high of 165.

1915, September high 167. Did not go 3¢ above 165 making this a SELLING LEVEL with a STOP at 168.

1916, when May Wheat advanced above 167 you would FOLLOW the RULES and BUY AT NEW HIGH LEVELS and then watch the next old high at 185. When this was crossed you would BUY MORE AT NEW HIGHS because it had been so long since 185 was made back in 1898 and so much time had elapsed you would expect very much higher prices, especially in a war market.

The next old high was \$3 a bushel, the extreme in 1867; when this was crossed the next high had to be shown by a change in trend because there was no other high to use as a guide.

1917, May 11 high 325. The Government stopped trading and Futures Trading was not resumed until 1920. This is the May option that we refer to and from this time on we will refer to the May option and give trading indications on the May option.

In 1920, from that time on you could see what old lows were broken and when prices declined below old top levels and old low levels showing the main trend as down and you would continue to sell. Refer to chart on Wheat 1914 to 1954. Note 1921 to 1924 lows of 105, 104, and 101; the last low, 101, was made in March 1924, a buying level with STOP at 99.

The next tops were 127, 150 and 181; when these highs were exceeded you would follow the rules and buy at new highs.

1925, January high 205 7/8; from this high the trend turned down and you can see by the chart that TOPS were LOWER and BOTTOMS were LOWER indicating DOWN TREND. Here you would follow all the rules and SELL SHORT.

1928, April last high 171; you would sell more when 116, 112, 93 and 84 were broken. 84 was the low of June 1914, and declining below this level indicated much lower prices.

1932, December; final low 43 3/8 for the May option. This was the lowest that May Futures ever sold and the lowest since January 1895 when the last low was 49¢ per bushel.

After the low in December 1932 you would look up the last old highs and watch them. These were 62, 73, 130, 135, 150, 164, 171, 181, 185 and 205 7/8.

In 1933, when the main trend had turned up, you would buy when the prices crossed 62, 73, and watch 130, the last old high in February 1929.

1933, July, May Wheat made a high of 128, just below 130, making this a SELLING LEVEL.

1939, September. Hitler started the war and war is always bullish on Wheat and you should always buy when war starts. May Wheat was selling around 62½ in August 1939, the old top level of May 1932, making this a BUYING LEVEL protected, of course, with STOP around 60. You would buy when prices advanced above the previous highs, 86, 117, 128, 164, 171, 185 and 205 7/8.

Note 1937 high 145 and September 1944 last low 144 - you would buy here because it was at the OLD TOP LEVEL and place a STOP 3¢ below.

1944 and 1945. The Government put ceilings on Wheat and these ceilings were not removed until 1946.

1946, September May Wheat last low 180. When it advanced above 185 you would buy more at new high levels and then when it crossed 205 $\frac{7}{8}$ the high of 1925, you would follow the rule and BUY AT NEW HIGH LEVELS and watch 300 to 325, the highest Futures had ever sold for resistance levels.

1947, November and January 1948, May Wheat high 306 $\frac{7}{8}$. Study the weekly and daily chart at the time these highs are made and you will see how the TREND TURNED DOWN and it was time to sell out all long Wheat and sell short.

The first decline after the high in January 1948 was very rapid and in less than one month's time it declined to 229 in February 1948, then rallied to 252 and in February 1949 declined to 196 $\frac{1}{2}$. You can see by the chart July 1949 low was 191 $\frac{3}{4}$ and after this the trend turned up and made higher bottoms and higher tops.

1951, February high 261 made the next low at 235.

December high 265 $\frac{1}{2}$, this was final high of this upswing. You would sell short and sell more on the way down after prices declined below 235.

1953, August low 186 $\frac{3}{4}$; from this low level the minor trend turned up and in March 1954 the high was 231, failing to advance to 235 the low of May 1951, indicating weakness and lower prices. The trend turned down and on May 12, 1954 May Wheat declined to 195 $\frac{1}{4}$ and July Wheat to 189 $\frac{1}{2}$, and at this writing the main trend is still down.

Follow all the rules in this course of instruction, SPECULATION A PROFITABLE PROFESSION and the rules in my book HOW TO MAKE PROFITS TRADING IN COMMODITIES. Never decide that you know it all. Continue to keep up charts and study and you will make speculation a profitable profession.

I have never thought that I had learned all there was to learn and have made some of my greatest discoveries after I was 75 years old, having perfected my Master Charts Nos. 9 and 12, my 3-Dimension Chart proving the relation between price, time, and volume which shows velocity or speed and trend. Also discovered new Master Time Charts.

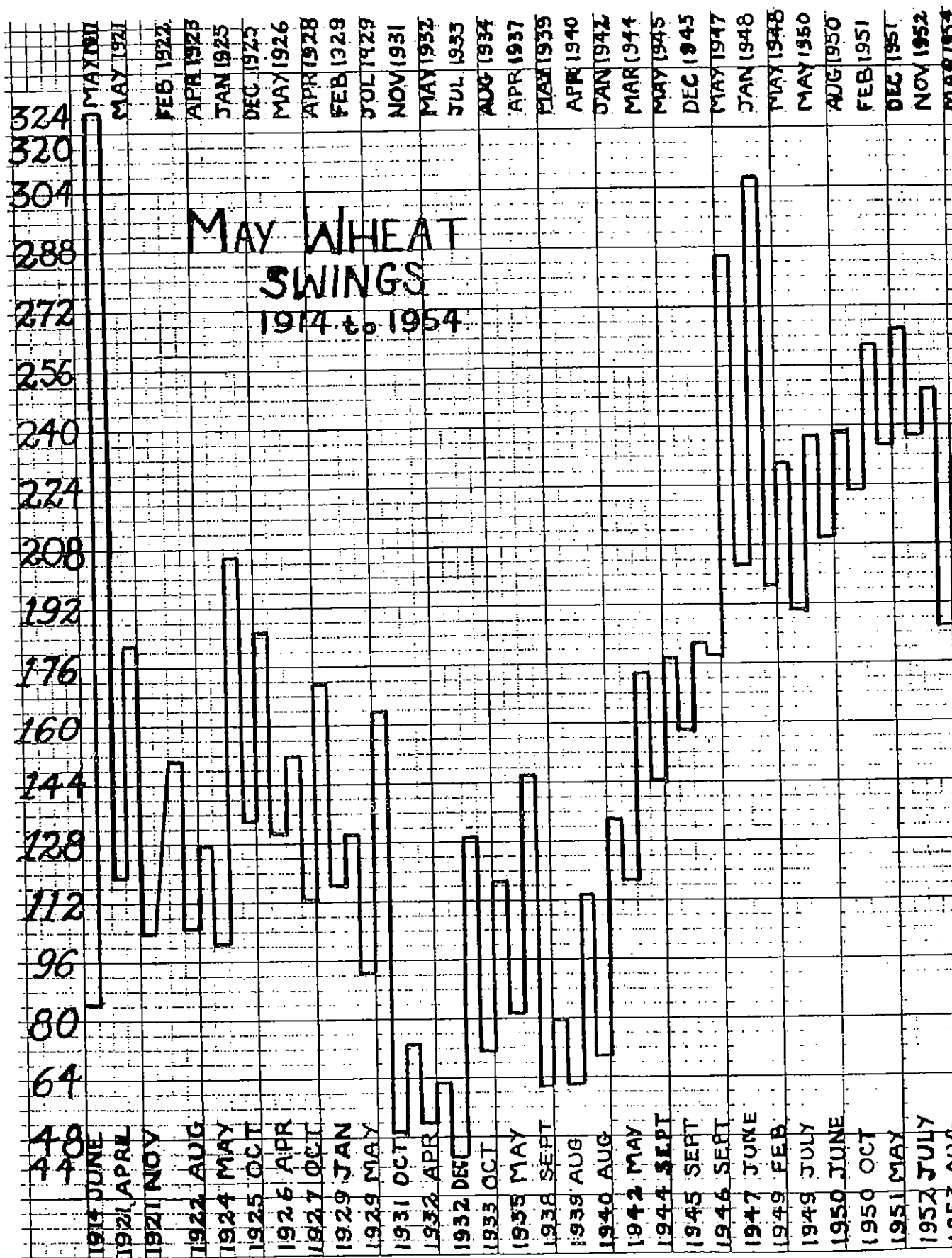
I have spent over \$20,000.00 since my 75th birthday making researches and preparing trends for the future.

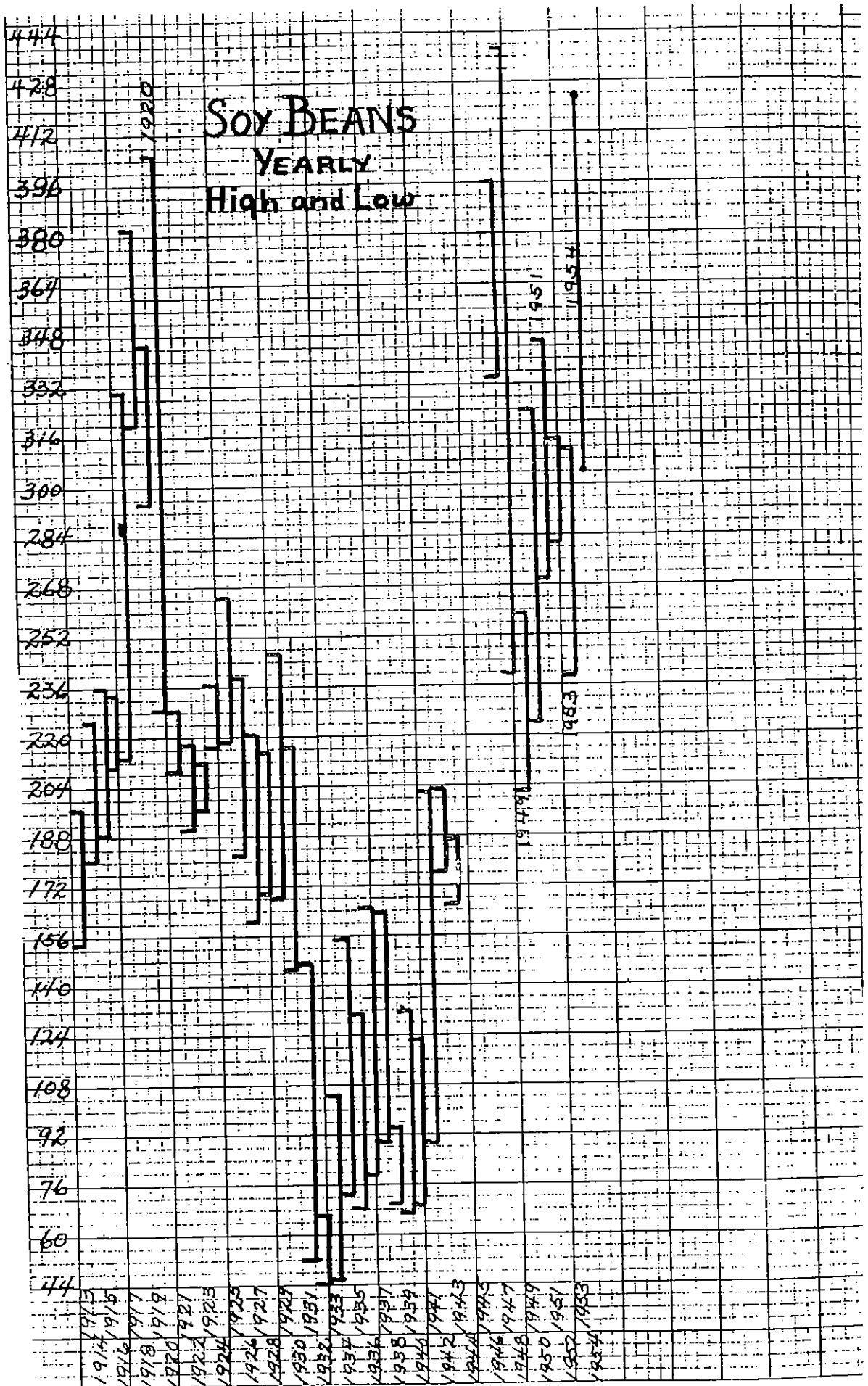
Learn to work hard and study. The more you study the greater your success will be. KNOWLEDGE IS THE GREATEST THING YOU CAN HAVE. It is better than money in the bank. You can never lose KNOWLEDGE and no one can STEAL it from YOU; therefore, get all the KNOWLEDGE YOU possibly can.

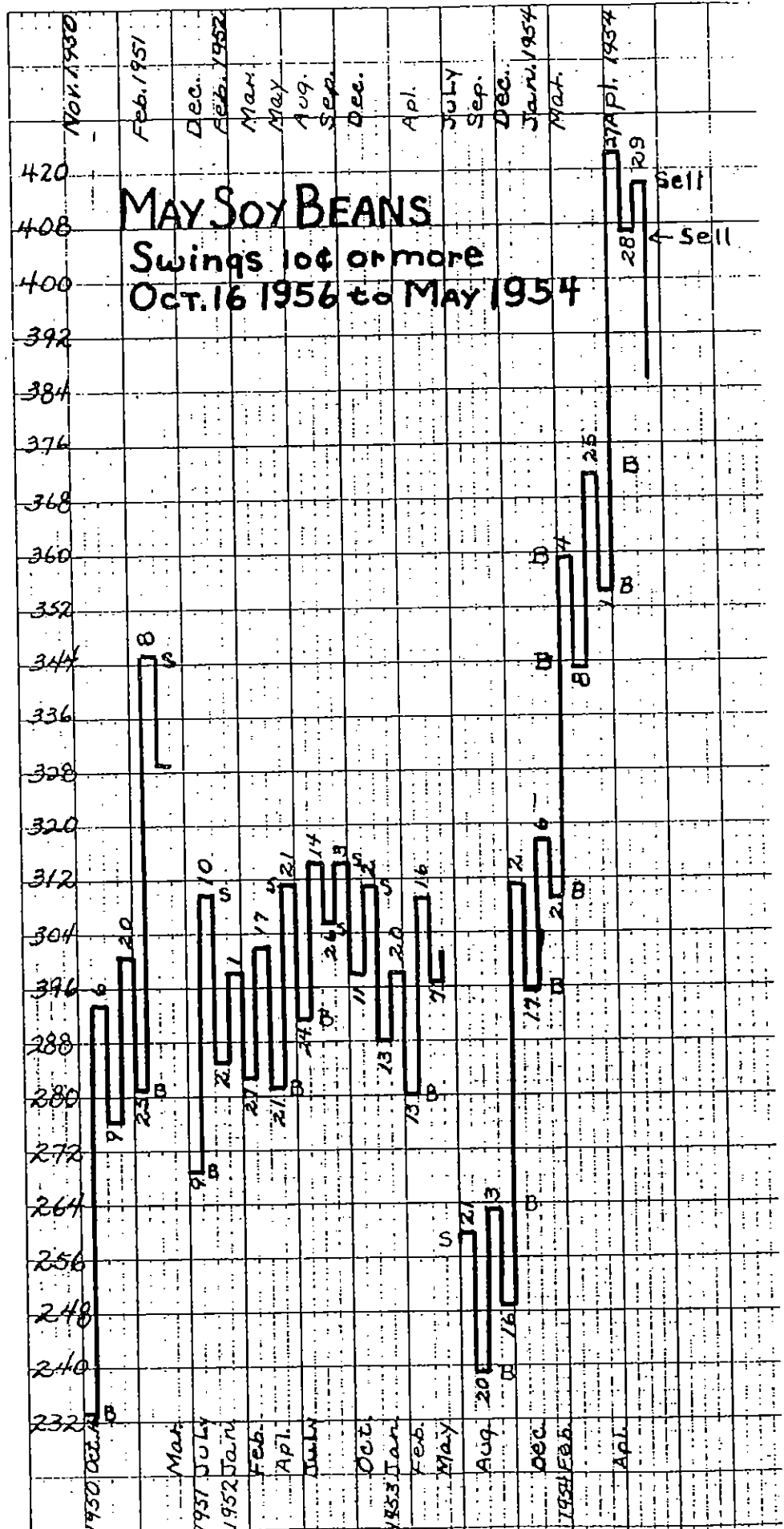
CONCLUSION

I have written this course of instructions, SPECULATION A PROFITABLE PROFESSION to help others make a success trading in Commodities. There is no greater pleasure in life than rendering good service to others. The Bible tells us that a man should not hide his candle under a bushel; I believe in passing on my secret discoveries to help others and have always found greater happiness and made greater success by helping others.

"He who has the truth and keeps it,
Keeps what not to him belongs;
Keeps a pearl from him who needs it,
And a fellow mortal wrongs."
(Anon.)







MAY CORN SWINGS 1925 to 1954

